



EXECUTIVE OFFICE OF THE PRESIDENT

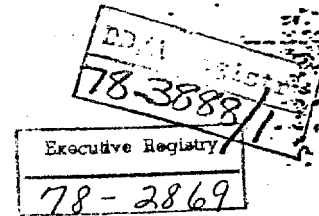
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OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

OCT 2 1978

Honorable George H. Mahon
Chairman, Committee on
Appropriations
House of Representatives
Washington, D.C. 20515



OLC #78-3212

Dear Mr. Chairman:

As you know, legislative action on several 1979 appropriations bills was not completed prior to October 1. Since a continuing resolution was also not approved by that date, agencies are not conforming to the law when they employ persons without having funds available to pay them. I want to express my concern about this situation, and urge that the Congress quickly complete action on the regular 1979 appropriations bills or approve a continuing resolution.

A great deal of uncertainty in the agencies and real hardship to both beneficiaries of federal programs and government employees will be caused by this funding delay. Three kinds of such hardships have either begun to occur already or will develop in a few days.

- The first is that, in some cases, program managers will not be able to continue with transactions involving the public or other government entities. For example, letter of credit payments to State offices for vocational and disability determinations have ceased as of October 1. Many States are likely to find it very difficult to finance these programs until federal funds become available. Beneficiary payments for victims of black lung disease are another example in this category. The first and second benefit payments, due on October 2 and 15, cannot be made until appropriations are provided.
- The second is that several agencies are now without either authorization or appropriation. Among the programs in this category are those of the Community Services Administration, ACTION, and the Office of Human Development in the Department of Health, Education, and Welfare. This condition means that their programs are operating with no legal authority.
- The third involves salary payments earned by federal employees. In a very short time—by October 10 for most of the Department of Labor and by October 13 for about half of the civilian employees of the Department of Defense—salaries due the employees for work in the first week of October will be held up. Specifically, any delay in certification of payrolls by those dates will result in commensurate delays in paydays. In

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general, all agencies with a pay period that ends on October 7, must certify their next payrolls within the following ten days. Those certifications must be delayed until funds are available. While some catch-up may occur, delays in certification will generally cause delays in issuing pay checks.

I am sure you agree that the situation described above, and the overriding need to maintain lawful and orderly government, make quick action by the Congress to provide the required appropriations imperative. If there is anything I can do to help facilitate such action, please let me know.

Sincerely,

James T. McIntyre, Jr.

James T. McIntyre, Jr.
Director

IDENTICAL LETTER SENT TO THE CHAIRMAN, SENATE APPROPRIATIONS COMMITTEE.

cc:
Honorable Thomas P. O'Neill
Speaker of the
House of Representatives

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